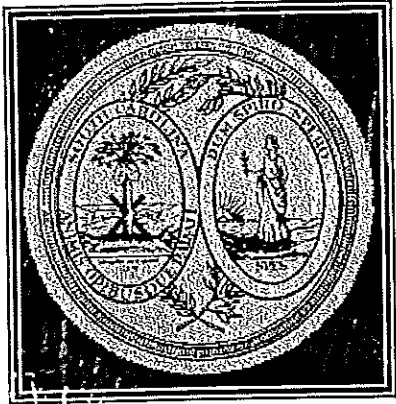


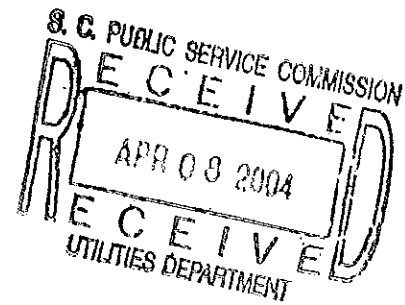
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COMMISSION
STAFF
REPORT

South Carolina Electric & Gas Company

Docket No. 2004-2-E

Adjustment of Base Rates
For Fuel Costs

March 2003 – February 2004 (Actual)

(March 2004 and April 2004 Estimated)

THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

STAFF REPORT

Of the

AUDIT DEPARTMENT

And

UTILITIES DEPARTMENT

DOCKET NO. 2004-2-E

SOUTH CAROLINA ELECTRIC & GAS COMPANY

REPORT OF THE AUDIT DEPARTMENT
THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

DOCKET NO. 2004-2-E
SOUTH CAROLINA ELECTRIC & GAS COMPANY

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INDEX

	<u>PAGE NUMBER</u>
Analysis-----	1 - 10
Exhibit A: Total Received and Weighted Average Cost-----	11
Exhibit B: Received Coal-Cost Per Ton (Per Plant) -----	12
Exhibit C: Received Coal-Cost Per Ton Comparison -----	13
Exhibit D: Burned Cost-Consumed Generation-----	14
Exhibit E: Cost of Fuel -----	15
Exhibit F: Factor Computation-----	16
Exhibit G Computation of Unbilled Revenue-----	17-20

REPORT OF AUDIT DEPARTMENT

DOCKET NO. 2004-2-E

SOUTH CAROLINA ELECTRIC & GAS COMPANY

INTRODUCTION

The Audit Department Staff has made an examination of the books and records of South Carolina Electric & Gas Company, Columbia, South Carolina, relative to the Commission's requirement under Docket No.2004-2-E, that periodic hearings be conducted before the Commission concerning the Adjustment of Base Rates for Fuel Costs.

CURRENT REVIEW PERIOD

The current examination of South Carolina Electric & Gas Company's retail Fuel Adjustment Clause covered the period of March 2003 through April 2004.

However, since the current hearing is scheduled for April 2004, Staff's audit work did not include any testing for the months of March and April 2004. The amounts of over/(under)-recovery for March 2004 and April 2004 were estimated for the purpose of adjusting base rates effective May 1, 2004. The estimates will be trued-up at South Carolina Electric & Gas Company's next hearing.

SCOPE OF EXAMINATION

The Commission's Audit Department's examination consisted of the following:

1. Analysis of Account #151 – Fuel Stock
2. Sample of Receipts to the Fuel Stock Account – Account # 151
3. Verification of Charges to Nuclear Fuel Expense – Account # 518
4. Verification of Purchased Power & Interchange
5. Verification of KWH Sales
6. Analysis of Spot Coal Purchasing Procedures
7. Re-computation of Fuel Costs Adjustment Factor, Verification of Unbilled Revenue
8. Recomputation of True-up for Over (Under)-Recovered Fuel Costs
9. Details of Fuel Costs

ANALYSIS OF ACCOUNT # 151 – FUEL STOCK

Staff's analysis of the Fuel Stock Account consisted of tracing receipts to and issues from the fuel management system to the General Ledger, reviewing monthly journal entries originating in fuel accounting, and ensuring that only proper charges are entered in the Company's computation of fuel costs for purposes of adjusting base rates for fuel costs.

SAMPLE OF RECEIPTS TO THE FUEL STOCK ACCOUNT –

ACCOUNT # 151

Staff's sample of coal receipts to the Fuel Stock Account consisted of randomly selecting transactions, tracing each of these transactions to a coal receiving report, waybill, freight study detailed report, the fuel management system payment voucher for documentation purposes, and recalculating the transactions to insure mathematical correctness.

VERIFICATION OF CHARGES TO NUCLEAR FUEL EXPENSE –

ACCOUNT # 518

The Staff traced the expense amounts for nuclear fuel to the books and records for the period March 2003 through February 2004.

VERIFICATION OF PURCHASED POWER AND INTERCHANGE

Staff verified the Company's Purchased and Interchange Power Fuel Costs to summary sheets provided to the Company's Electric Pricing Department by the Company's Operations Department. Fuel costs, KWH purchases and sales for the period March 2003 through February 2004 were traced to monthly invoices and system reports. Staff examined 98% of the invoices for the review period. Staff's Purchased Power figures for March 2003 through February 2004 and the resultant over (under)-recovery monthly deferred fuel amounts for March 2003 through February 2004 reflects Staff's compliance with the recently revised section of the S.C. Fuel Statute (updated as of February 2004). This Statute addresses "fuel costs related to purchased power". Section 7 (2)(b) of the

revised Statute stated that the delivered cost of economy purchases, including transmission charges, could be included in Purchased Power Costs if those type of purchases were proven to be "less than the purchasing utility's avoided variable costs for the generation of an equivalent quantity of electric power". After Staff applied this revised Statute to the examined economic purchases along with the applicable avoided cost, Staff's adjustment to Purchased Power Costs, on a total system basis, totaled \$ 4,055. As mentioned previously, according to the new Statute section, transmission charges could be included in the delivered cost of economy purchases. The Company's per books, economic purchases included wheeling (transmission) charges for the review period. The Audit Staff did examine and include economy purchases' transmission charges totaling \$ 998,623. Also, based on the new Statute section, after comparing the economy purchases (with the additions of transmission charges) to the Company's applicable avoided costs, Staff's avoided costs adjustment still totaled \$ 4,055. This figure reflects the usage of an avoided variable cost as a lesser price, at that point in time, over a purchase price. Staff examined the Company's monthly avoided cost figures and based on a comparison against the Company's economy purchases, Staff's avoided cost adjustment totaled \$ 4,055.

VERIFICATION OF KWH SALES

The Staff verified total system sales as filed in the monthly factor computation for the months of March 2003 through February 2004. This monthly figure was then used to determine the fuel cost per KWH sold.

ANALYSIS OF SPOT COAL PURCHASING PROCEDURES

The Audit Staff examined the procedure followed by the Company's fuel supply section for obtaining and accepting bids on spot coal. To achieve this, Staff examined each month of the audit period in which several spot coal bids were received.

The fossil fuel supply section maintains a list of coal vendors from whom bids are solicited. South Carolina Electric & Gas mails each of these coal vendors a letter which states the necessary requirements for the coal the Company seeks, and the information needed concerning the coal producer and the fuel representatives' quality standards. The fuel representatives bargain over the price of the coal, and either accept or reject the coal vendor's offer. The Company's fuel representatives determine the current market price for spot coal prior to contacting the coal vendors about their bids. In this way, the fuel representatives determine the limits which should be observed when bargaining for coal. The fuel representatives consider at least three factors when accepting spot coal bids: the price per ton (including freight), the BTU content of the coal offered, and the past experience with the coal obtained from the producer. The Company receives bids in writing, but telephone, email and fax bids are often received. Upon acceptance of a bid, South Carolina Electric & Gas Company prepares a confirming order, a copy of which is mailed to the coal vendor. When the coal is received at the plant, the Company analyzes the coal for moisture, ash, sulfur, and BTU content and prepares an analysis report which is sent to the fuel supply section. The appropriate quality premium or penalty on the coal

purchased is determined, and the results are forwarded to the Company's Accounting Section, which in turn, adds a premium or assesses a penalty to the total amount due to the coal vendor.

The fuel supply section closely monitors the quality of coal shipped by the various producers. If less than guaranteed performance is rendered by a certain producer, the fuel representative accesses this information and considers this when analyzing any future offers received from the supplier.

As previously mentioned, Staff examined spot coal bids received for each month during the review period. The examination included reviewing any bids accepted and also, those that were rejected.

During the review period, out of approximately one hundred and fourteen bids, the Company accepted forty four offers and rejected seventy offers.

The total spot coal tons purchased for the period March 2003 through February 2004 were approximately 808,436.

RECOMPUTATION OF FUEL COSTS ADJUSTMENT FACTOR AND VERIFICATION OF UNBILLED REVENUE

The Audit Staff has recomputed the fuel adjustment factor utilizing information obtained from the Company's records.

With reference to fuel cost, Staff verified the Total Fuel Costs for the months of March 2003 through February 2004, to the Company's books and records.

In recomputing the factor, Staff has divided the Total Cost of Fuel Burned by Total System Sales to arrive at fuel costs per KWH sales. The base fuel cost per KWH, included in the base rates, is then subtracted from the fuel cost per KWH sales and the resulting figure represents the fuel cost adjustment above or below base per KWH sales. The South Carolina Retail Jurisdictional KWH deferrals were checked to the Company's records. The actual Unbilled Revenue for each month was verified to the Company's Detailed Ledger.

RECOMPUTATION OF TRUE-UP FOR OVER / (UNDER)-RECOVERED FUEL COSTS

Staff analyzed the cumulative (under)-recovery of fuel costs that the Company had incurred for the period March 2003 through February 2004, which totaled (\$15,099,348). Staff added the projected (under)-recovery of (\$2,164,230) for the month of March 2004 and the projected (under)-recovery of (\$1,512,720) for April 2004 to arrive at a cumulative (under)-recovery of (\$17,429,464). The Company's cumulative (under)-recovery as of April 2004, per its testimony in Docket No. 2003-2-E {Exhibit No. – (JRH-1)}, totals \$(22,862,377). The difference between the Company's and the Staff's cumulative (under)-recovery totals (\$5,432,913). This difference is based on a carry-forward of various Purchase Power corrections made by Staff in Docket No. 2003-2-E for the period March 2002 through February 2003 that did not appear on SCE&G 's testimony exhibits (because these were corrections contested by the Company) and SCE&G's recently signed 60% - 40%

Stipulation on fuel cases in 2003 and 2003 in the amount of \$ 25,618,063.

Staff's Exhibit G, Computation of Unbilled Revenue, which consists of 4 pages, provides detailed explanations for this cumulative (under)-recovery difference.

As stated in South Carolina Electric & Gas Company's Adjustment for Fuel Costs, fuel costs will be included in base rates to the extent determined reasonable and proper by the Commission.

Accordingly, the Commission should consider the (under)-recovery of (\$17,429,464) along with the anticipated fuel costs for the period May 1, 2004 through April 30, 2005, for the purpose of determining the base cost of fuel in base rates effective May 1, 2004. This (\$17,429,464) (under)-recovery figure was provided to the Commission's Utilities Department.

DETAILS OF FUEL COSTS

Details of fuel costs are shown in Exhibits A-G.

RESULTS OF EXAMINATION

Based on the Audit Staff's examination of South Carolina Electric & Gas Company's books and records, and the utilization of the fuel costs recovery mechanism as directed by this Commission, the Audit Department is of the opinion that the Company has complied with the directives of the Commission.

EXHIBITS

Exhibits relative to this report are identified as follows:

EXHIBIT A: TOTAL RECEIVED AND WEIGHTED AVERAGE COST

This exhibit reflects the total cost for the period March 2003 through February 2004, for the four types of fossil fuel: coal, # 2 oil, propane and natural gas. The Staff has also computed the weighted average cost of each type of fuel.

EXHIBIT B: RECEIVED COAL-COST PER TON (PER PLANT)

This exhibit shows the received cost per ton for coal at each plant for the period of time from March 2003 through February 2004, in dollars per ton including freight costs.

EXHIBIT C: RECEIVED COAL – COST PER TON COMPARISON

This exhibit reflects the received cost per ton for coal at each period of time from March 2003 through February 2004 for South Carolina Electric & Gas Company, Duke Power Company, and Carolina Power & Light Company. The Staff has shown for comparison purposes, the invoice cost per ton, freight cost per ton, total cost per ton and the cost per MBTU.

EXHIBIT D: BURNED COST-CONSUMED GENERATION

This exhibit reflects the per book cost of burned fuel, including emission allowance expenses, which was used for generation for the period March 2003 through February 2004. The burned cost of each class of fuel is separated and the percentage of total burned computed for each type.

EXHIBIT E: COST OF FUEL

The cost of fuel for the period March 2003 through February 2004 is shown in this exhibit.

EXHIBIT F: FACTOR COMPUTATION

This exhibit reflects the actual computation of the fuel adjustment factor for the period March 2003 through February 2004.

EXHIBIT G: COMPUTATION OF UNBILLED REVENUE

This exhibit reflects the computation of the unbilled revenue at April 30, 2004. The balance amounts to an (under)-recovery of (\$17,429,464). This balance represents the difference between actual (with two months estimated) total fuel costs and unbilled fuel costs for the Company's retail customers for the period.

Audit Exhibit A

South Carolina Electric & Gas Company
Total Received and Weighted Average Cost
March 2003-February 2004

Month	Coal Tons	\$	#2 Oil Gal	\$	Propane Gal	\$	MCF	Gas \$	Total Received Cost \$
Mar-03	370,925	15,638,203	1,811,176	2,186,276	355	415	118,774	1,418,227	19,243,121
Apr-03	317,379	13,331,517	827,327	814,166	330	310	845,317	5,659,570	19,805,563
May-03	417,210	17,757,266	1,490,251	1,270,939	340	320	633,217	4,687,849	23,716,374
Jun-03	494,376	21,917,777	1,023,473	846,032	319	301	337,217	2,872,969	25,637,079
Jul-03	408,750	18,085,590	849,928	705,645	320	310	331,074	2,597,003	21,388,548
Aug-03	538,711	23,725,015	270,790	236,921	0	0	909,456	5,784,876	29,746,812
Sep-03	555,315	24,739,535	173,844	138,260	350	329	66,212	1,058,949	25,937,073
Oct-03	565,378	24,510,440	991,513	852,924	398	390	22,428	843,033	26,206,787
Nov-03	506,746	22,310,866	443,732	392,915	0	0	194,524	1,492,733	24,196,514
Dec-03	472,808	21,509,551	1,786,393	1,617,381	341	334	73,307	779,350	23,906,616
Jan-04	431,364	19,165,226	3,125,291	3,170,143	410	476	428,402	2,384,624	24,720,469
Feb-04	505,367	23,632,910	1,252,423	1,241,398	440	475	407,327	3,195,632	28,070,415
Total	5,584,329	246,323,896	14,046,141	13,473,000	3,603	3,660	4,367,255	32,774,815	292,575,371
Weighted Average	44.11		0.96		1.02			7.50	

Audit Exhibit B

South Carolina Electric & Gas Company
Received Coal-Cost Per Ton (Per Plant)
March 2003-February 2004

Plant	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Canadys	40.10	38.10	41.83	43.96	46.30	43.18	44.01	44.23	41.62	43.05	45.14	48.64
Cope	41.81	40.48	39.50	39.71	42.06	42.14	42.51	41.67	41.86	42.89	40.05	44.60
McMeekin	41.80	42.13	39.63	41.00	41.92	42.30	42.19	42.65	46.54	42.43	42.15	44.95
SRS/D Area	46.04	51.02	11.58	107.20	47.31	46.54	51.65	47.25	48.91	47.34	57.76	48.54
Urquhart	32.48	43.21	83.24	27.15	44.57	44.13	44.93	50.15	44.32	46.92	45.09	43.88
Wateree	44.15	44.63	45.75	46.65	47.35	44.82	44.65	43.45	45.80	52.22	49.99	50.19
Williams	40.79	51.34	43.43	44.51	44.59	45.19	46.84	43.45	44.14	46.90	44.44	44.97
Total System	42.16	42.00	42.56	44.34	44.24	44.04	44.55	43.35	44.02	45.49	44.43	46.76

Audit Exhibit C

South Carolina Electric & Gas Company
Received Coal-Cost Per Ton Comparison
March 2003-February 2004

<u>South Carolina Electric & Gas Company</u>				
	<u>Invoice Cost</u>	<u>Freight Cost</u>	<u>Total Cost Per</u>	
<u>Month</u>	<u>Per Ton</u>	<u>Per Ton</u>	<u>Ton</u>	<u>Cost Per MBTU</u>
	\$	\$	\$	\$
Mar-03	30.62	11.54	42.16	1.6419
Apr-03	29.94	12.06	42.00	1.6400
May-03	30.11	12.45	42.56	1.6743
Jun-03	31.57	12.77	44.34	1.7476
Jul-03	31.82	12.42	44.24	1.7355
Aug-03	31.59	12.45	44.04	1.7236
Sep-03	31.66	12.89	44.55	1.7534
Oct-03	31.81	11.54	43.35	1.7081
Nov-03	31.95	12.07	44.02	1.7397
Dec-03	32.21	13.28	45.49	1.7985
Jan-04	32.00	12.43	44.43	1.7567
Feb-04	33.14	13.62	46.76	1.8519

<u>Duke Power Company</u>				
	<u>Invoice Cost</u>	<u>Freight Cost</u>	<u>Total Cost Per</u>	
<u>Month</u>	<u>Per Ton</u>	<u>Per Ton</u>	<u>Ton</u>	<u>Cost Per MBTU</u>
	\$	\$	\$	\$
Mar-03	25.96	15.75	41.71	1.6955
Apr-03	26.53	13.57	40.10	1.6380
May-03	26.33	14.46	40.79	1.6641
Jun-03	25.83	15.69	41.52	1.6933
Jul-03	27.38	15.79	43.17	1.7499
Aug-03	30.10	15.10	45.20	1.8240
Sep-03	29.35	15.07	44.42	1.8018
Oct-03	30.84	15.39	46.23	1.8679
Nov-03	29.47	14.99	44.46	1.7991
Dec-03	30.90	15.89	46.79	1.8974
Jan-04	31.43	15.29	46.72	1.8970
Feb-04	31.25	15.40	46.65	1.8999

Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc.

	<u>Invoice Cost</u>	<u>Freight Cost</u>	<u>Total Cost Per</u>	
<u>Month</u>	<u>Per Ton</u>	<u>Per Ton</u>	<u>Ton</u>	<u>Cost Per MBTU</u>
	\$	\$	\$	\$
Mar-03	31.81	16.40	48.21	1.9337
Apr-03	32.40	15.70	48.10	1.9278
May-03	32.07	16.05	48.12	1.9285
Jun-03	32.42	15.73	48.15	1.9276
Jul-03	32.79	16.16	48.95	1.9491
Aug-03	33.14	15.07	48.21	1.9311
Sep-03	33.12	15.66	48.78	1.9556
Oct-03	32.65	15.41	48.06	1.9213
Nov-03	36.58	18.04	54.62	2.2136
Dec-03	33.22	16.34	49.56	1.9893
Jan-04	34.84	14.84	49.68	1.9980
Feb-04	34.39	14.15	48.54	1.9516

Audit Exhibit D

South Carolina Electric & Gas Company
Burned Cost-Consumed Generation
March 2003-February 2004

Month	<u>Coal</u>		<u>#2 Oil</u>		<u>Propane</u>		<u>Gas</u>		<u>Nuclear</u>		<u>Total Burned Cost</u>	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Mar-03	16,386,272	80.17%	750,812	3.67%	151	0%	705,531	3.45%	2,598,704	12.71%	20,441,470	
Apr-03	14,022,234	62.30%	313,512	1.39%	227	0%	5,656,676	25.13%	2,516,465	11.18%	22,509,113	
May-03	15,065,424	66.16%	707,454	3.11%	110	0%	4,683,157	20.56%	2,316,403	10.17%	22,772,548	
Jun-03	18,472,072	73.94%	1,203,760	4.82%	153	0%	2,791,813	11.18%	2,514,243	10.06%	24,982,041	
Jul-03	20,468,839	78.35%	450,824	1.73%	360	0%	2,605,026	9.97%	2,599,631	9.95%	26,124,679	
Aug-03	20,304,773	70.32%	188,146	0.65%	240	0%	5,784,634	20.03%	2,598,420	9.00%	28,876,214	
Sep-03	18,688,424	83.46%	137,857	0.62%	267	0%	1,048,584	4.68%	2,516,609	11.24%	22,391,741	
Oct-03	14,102,235	88.66%	133,411	0.84%	159	0%	842,997	5.30%	826,761	5.20%	15,905,563	
Nov-03	15,451,781	88.54%	217,910	1.25%	198	0%	1,490,914	8.54%	290,862	1.67%	17,451,665	
Dec-03	15,994,791	75.91%	1,873,382	8.89%	107	0%	762,090	3.62%	2,439,690	11.58%	21,070,061	
Jan-04	20,114,057	71.50%	3,211,743	11.42%	161	0%	2,363,344	8.40%	2,441,056	8.68%	28,130,361	
Feb-04	19,955,955	73.72%	481,944	1.78%	259	0%	4,347,821	16.06%	2,286,026	8.44%	27,072,005	
Totals	209,026,858	75.26%	9,670,755	3.48%	2,392	0%	33,082,587	11.91%	25,944,870	9.34%	277,727,461	

Audit Exhibit E

South Carolina Electric & Gas Company
Cost of Fuel
March 2003-February 2004

<u>Month</u>	<u>Total Cost of Fuel Burned</u> \$	<u>Purchased and Interchange Power Fuel Cost</u> \$	<u>Fuel Cost Recovered Intersystem Sales</u> \$	<u>Total Fuel Cost</u> \$
Mar-03	20,441,470	4,021,560	(471,232)	23,991,798
Apr-03	22,509,113	5,332,324	(335,760)	27,505,677
May-03	22,772,548	8,831,667	(612,312)	30,991,903
Jun-03	24,982,041	8,859,305	(1,134,509)	32,706,837
Jul-03	26,124,679	11,366,136	(1,142,251)	36,348,564
Aug-03	28,876,214	11,681,406	(641,611)	39,916,010
Sep-03	22,391,741	7,667,462	(772,989)	29,286,214
Oct-03	15,905,563	15,938,976	(333,940)	31,510,599
Nov-03	17,451,665	15,543,671	(167,815)	32,827,521
Dec-03	21,070,061	13,113,819	(530,348)	33,653,531
Jan-04	28,130,361	7,984,875	(4,940,422)	31,174,814
Feb-04	27,072,005	6,634,589	(3,814,793)	29,891,801
Totals	277,727,461	116,975,790	14,897,982	379,805,269

South Carolina Electric & Gas Company
Factor Computation
March 2003-February 2004

<u>Month</u>	<u>Total Fuel Costs</u>	<u>Total System Sales</u>	<u>Fuel Cost per KWH Sales</u>	<u>Base Cost Per KWH Included in</u>	<u>Fuel Adjustments</u>
		<u>Excluding Intersystem Sales</u>		<u>Rates</u>	<u>Per KWH</u>
	\$	KWH	\$/KWH	\$/KWH	\$/KWH
Mar-03	23,991,798	1,672,348,080	0.014346	0.01678	(0.00243)
Apr-03	27,505,677	1,577,065,407	0.017441	0.01678	0.00066
May-03	30,991,903	1,757,711,087	0.017632	0.01678	0.00085
Jun-03	32,706,837	1,841,343,714	0.017762	0.01678	0.00098
Jul-03	36,348,564	2,165,307,980	0.016787	0.01678	0.00001
Aug-03	39,916,010	2,173,309,064	0.018366	0.01678	0.00159
Sep-03	29,286,214	1,987,895,311	0.014732	0.01678	(0.00205)
Oct-03	31,510,599	1,731,421,565	0.018199	0.01678	0.00142
Nov-03	32,827,521	1,570,800,420	0.020899	0.01678	0.00412
Dec-03	33,653,531	1,824,278,033	0.018448	0.01678	0.00167
Jan-04	31,174,814	1,965,434,221	0.015862	0.01678	(0.00092)
Feb-04	29,891,801	1,984,262,746	0.015064	0.01678	(0.00172)

South Carolina Electric & Gas Company
Computation of Unbilled Revenue
March 2003 - April 2004

	ACTUAL					
	March 2003	April 2003	May 2003	June 2003	July 2003	August 2003
Fossil Fuel Burned	17,842,766	19,992,648	20,456,145	22,467,798	23,525,048	26,277,795
Nuclear	2,598,704	2,516,465	2,316,403	2,514,243	2,599,631	2,598,420
Purchase & Interchange Pwr. (2)	4,021,560	5,332,324	8,831,667	8,859,305	11,366,136	11,681,406
Sub-total	24,463,030	27,841,437	31,604,215	33,841,346	37,490,815	40,557,621
Less: Intersystem Sales	471,232	335,760	612,312	1,134,509	1,142,251	641,611
Total Fuel Costs	23,991,798	27,505,677	30,991,903	32,706,837	36,348,564	39,916,010
Total System KWH Sales Excluding Intersystem Sales	1,672,348,080	1,577,065,407	1,757,711,087	1,841,343,714	2,165,307,980	2,173,309,064
\$/KWH Sales	0.014346	0.017441	0.017632	0.017762	0.016787	0.018366
Less: Base	0.016780	0.016780	0.016780	0.016780	0.016780	0.016780
Fuel Adjustment Per KWH	0.00243	(0.00066)	(0.00085)	(0.00098)	(0.00001)	(0.00159)
Unbilled Revenue KWH Sales	1,567,177,784	1,472,766,084	1,646,944,131	1,711,917,315	2,029,340,087	2,026,432,489
Deferred Fuel Entry	3,808,242	(972,026)	(1,399,903)	(1,677,679)	(20,293)	(3,222,028)
Company's True-Up Adjustments (Prior Months) (3)	-	-	14,420	-	-	(109,973)
Less: Fixed Capacity Charge (4)	-	673,417	673,417	673,417	673,417	673,417
February 2003 - (1)	\$ (16,421,821) (1)					
Cumulative Over/(Under) Recovery	(12,613,579)	(12,912,188)	(13,624,254)	(14,628,516)	(13,975,392)	(16,633,976)

17

Please Note:

The Audit Staff, as of this report in Audit Exhibit G, reflects Over-Recovery amounts without parentheses and reflects (Under) - Recovery amounts within parentheses. The Audit Staff wanted to be consistent with the Utilities Staff's reflection of Over (Under) Recovery amounts as shown in the Utilities Staff's exhibits of this report.

Staff would like to emphasize that the Fixed Capacity Charge monthly amount of \$ 673,417 is treated, per PSC Order No. 2003-38, as a reduction to the monthly Deferred Fuel Entries.

*Explanation of Footnotes on Audit Exhibit G, Page 3 of 4 and Page 4 of 4.

South Carolina Electric & Gas Company
Computation of Unbilled Revenue
March 2003 - April 2004

	ACTUAL					ESTIMATED				
	September 2003	October 2003	November 2003	December 2003	January 2004	February 2004	March 2004	April 2004		
Fossil Fuel Burned	19,875,132	15,078,802	17,160,803	18,630,370	25,689,305	24,785,979	28,226,000	26,302,000		
Nuclear	2,516,609	826,761	290,862	2,439,690	2,441,056	2,286,026	2,240,000	2,159,000		
Purchase & Interchange Pwr (2)	7,667,462	15,938,976	15,543,671	13,113,819	7,984,875	6,634,588	1,506,000	2,025,000		
Sub-total	30,059,203	31,844,539	32,995,336	34,183,879	36,115,236	33,706,593	31,972,000	30,486,000		
Less: Intersystem Sales	772,989	333,940	167,815	530,348	4,940,422	3,814,793	1,659,000	1,359,000		
Total Fuel Costs	29,286,214	31,510,599	32,827,521	33,653,531	31,174,814	29,891,801	30,313,000	29,127,000		
Total System KWH Sales Excluding Intersystem Sales	1,987,895,311	1,731,421,565	1,570,800,420	1,824,278,033	1,965,434,221	1,984,262,746	1,668,000,000	1,639,000,000		
\$/KWH Sales	0.014732	0.018199	0.020899	0.018448	0.015862	0.015064	0.018173	0.017771		
Less: Base	0.016780	0.016780	0.016780	0.016780	0.016780	0.016780	0.016780	0.016780		
Fuel Adjustment Per KWH	0.00205	(0.00142)	(0.00412)	(0.00167)	0.00092	0.00172	(0.00139)	(0.00099)		
Unbilled Revenue KWH Sales	1,864,888,612	1,622,097,017	1,461,116,878	1,691,946,696	1,834,324,826	1,859,045,811	1,557,000,000	1,528,000,000		
Deferred Fuel Entry	3,823,022	(2,303,378)	(6,019,802)	(2,825,551)	1,687,579	3,197,559	(2,164,230)	(1,512,720)		
Company's True-Up Adjustments (Prior Months) (3)	(65,303)	-	-	-	-	-	-	-		
Less: Fixed Capacity Charge (4)	673,417	673,417	673,417	673,417	673,417	673,417	673,417	673,417		
August 2003 - (p. 1 of 4)	(16,633,976)									
Cumulative Over/(Under) Recovery	(12,202,840)	(13,832,801)	(19,179,186)	(21,331,320)	(18,970,324)	(15,099,348)	(16,590,161)	(17,429,464)		

Please Note:
The Audit Staff, as of this report in Audit Exhibit G, reflects Over-Recovery amounts without parentheses and reflects (Under) - Recovery amounts within parentheses. The Audit Staff wanted to be consistent with the Utilities Staff's reflection of Over (Under) Recovery amounts as shown in the Utilities Staff's exhibits of this report.

Staff would like to emphasize that the Fixed Capacity Charge monthly amount of \$ 673,417 is treated, per PSC Order No. 2003-38, as a reduction to the monthly Deferred Fuel Entries.

*Explanation of Footnotes on Audit Exhibit G, Page 3 of 4 through Page 4 of 4.

South Carolina Electric & Gas Company
Computation of Unbilled Revenue

MARCH 2003 – APRIL 2004

Explanation of Footnotes to Audit Exhibit G:

(1) Staff's cumulative (under)-recovery balance brought forward from February 2003 of (\$16,421,821) differs from the Company's beginning cumulative (under)-recovery balance (from February 2003) of (\$21,878,559) by (\$5,456,738). This cumulative difference was based on Staff's corrections to Fossil Fuel Burned Costs and Purchased Power Costs for several months, as reflected in the last fuel review period. It should be noted that the Company, in its testimony, reflects cumulative corrections of \$38,245 in May 2003. A portion of this figure, \$ 23,825 are corrections that the Company agreed with Staff from the last review period. The remaining \$ 14,420 are Company true-ups corrections for previous months.

(2) Staff's Purchased Power figures for March 2003 through February 2004 and the resultant over (under)-recovery monthly deferred fuel amounts for March 2003 through February 2004 reflects Staff's compliance with the recently revised section of the S.C. Fuel Statute (updated as of February 2004). This Statute addresses "fuel costs related to purchased power". Section 7 (2)(b) of the revised Statute stated that the delivered cost of economy purchases, including transmission charges, could be included in Purchased Power Costs if those type of purchases were proven to be "less than the purchasing utility's avoided variable costs for the generation of an equivalent quantity of electric power". After Staff applied this revised Statute to the examined economic purchases along with the applicable avoided cost, Staff's adjustment to Purchased Power Costs, on a total system basis, totaled \$ 4,055. As mentioned previously, according to the new Statute section, transmission charges could be included in the delivered cost of economy purchases. The Company's per books, economic purchases included wheeling (transmission) charges for the review period. The Audit Staff did examine and include economy purchases' transmission charges totaling \$ 998,623. Also, based on the new Statute section, after comparing the economy purchases (with the additions of transmission charges) to the Company's applicable avoided costs, Staff's avoided costs adjustment still totaled \$ 4,055. This figure reflects the usage of an avoided cost as a lesser price, at that point in time, over a purchase price. Staff examined the Company's monthly avoided cost figures and based on a comparison against the Company's economy purchases, Staff's avoided cost adjustment totaled \$ 4,055.

South Carolina Electric & Gas Company
Computation of Unbilled Revenue

MARCH 2003 – APRIL 2004

Explanation of Footnotes to Audit Exhibit G:

(Cont.) (2) After Staff's adjustments, on a S.C. jurisdictional basis, Staff's cumulative (under)-recovery balances, as of actual February 2004 totaled (\$ 15,099,348) and as of estimated April 2004 totaled (\$ 17,429,464). The Company's cumulative (under)-recovery balance, on a S.C. jurisdictional basis, as of actual February 2004, per its testimony in Docket No. 2004-2-E, totals (\$ 20,532,261) and as of estimated April 2004 totals (\$ 22,862,377). The respective cumulative (under)-recovery balance difference, on a S.C. jurisdictional basis, between the Staff and Company as of actual February 2004 and as of estimated April 2004 is (\$5,432,913). Staff notes that this difference was due to corrections contested by the company.

(3) In May 2003, August 2003 and Sept. 2003 the Company had true-ups for various Company corrections to such costs as Fossil Fuel Costs and Purchased Power Costs calculations that were applicable to corrections made to Fossil Fuel Costs.

(4) For each month of the review period, the Plant Urquhart Fixed Capacity Gas Transportation Charge of \$ 673,417 is deducted from each monthly deferred fuel entry per PSC Order No. 2003-38 (The Company's latest rate case).

**REPORT OF THE UTILITIES DEPARTMENT
OF
THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA**

DOCKET NO. 2004-2-E

SOUTH CAROLINA ELECTRIC & GAS COMPANY

Annual Review of Base Rates for Fuel Costs

**REPORT OF UTILITIES DEPARTMENT
SOUTH CAROLINA PUBLIC SERVICE COMMISSION**

DOCKET NO. 2004-2-E

SOUTH CAROLINA ELECTRIC & GAS COMPANY

Annual Review of Base Rates for Fuel Costs

INDEX OF FUEL REPORT

Report of Fuel Adjustment Analysis-----	1 - 3
Exhibit No. 1 Power Plant Performance Data Report-----	4 - 5
Exhibit No. 2A Nuclear Unit Outage Report-----	6
Exhibit No. 2B Base Load Fossil Unit Outage Report-----	7 - 8
Exhibit No. 3 Generation Mix-----	9
Exhibit No. 4 Generation Statistics of Major Plants-----	10
Exhibit No. 5 Retail Comparison of MWH Sales-----	11
Exhibit No. 6 Retail Comparison of Fuel Costs-----	12
Exhibit No. 7 Retail Comparison of Fuel Costs (Graph)-----	13
Exhibit No. 8 Adjustment For Fuel Costs tariff-----	14
Exhibit No. 9 History of Cumulative Recovery Account-----	15
Exhibit No. 10 Cumulative Recovery Account Projections-----	16

REPORT OF UTILITIES DEPARTMENT

SOUTH CAROLINA PUBLIC SERVICE COMMISSION

DOCKET NO. 2004-2-E

SOUTH CAROLINA ELECTRIC & GAS COMPANY REPORT OF FUEL ADJUSTMENT ANALYSIS

SCOPE OF EXAMINATION

The Commission's Utilities Department Staff analyzed the Company's procedures and practices pertaining to its fuel operation. Staff's examination consisted of the following:

- 1) Review of the Company's monthly fuel reports including:
 - a) Power Plant Performance Data Reports
 - b) Major Unit Outage Reports
 - c) Generation Mix
 - d) Generation Statistics
 - e) Retail Comparison of MWH Sales
 - f) Retail Comparison of Fuel Costs
- 2) Review of the Company's currently approved Adjustment for Fuel Costs tariff.
- 3) History of Cumulative Recovery Account.
- 4) Calculation of fuel costs to be included in the base rates for May 2004 through April 2005.

REVIEW OF COMPANY'S MONTHLY FUEL REPORTS

The Company files with this Commission monthly reports that include power plant performance data, major unit outages, generation mix, and other reports that provide the Staff pertinent data on which to evaluate the Company's fuel operating expenses.

Selected information from the Power Plant Performance Data Reports for nuclear and fossil plants is shown on Exhibit No. 1. It includes a listing of capacity factors and equivalent availability factors for each unit by month for the period and also includes the yearly capacity factors (2001-2003) and the lifetime (cumulative) capacity factor of the V. C. Summer Nuclear Station. These factors are expressed as a percentage. This percentage figure can be a useful index when attempting to locate or identify a particular problem or unusual occurrence.

Pursuant to S.C. Code Ann. Section 58-27-865 (Supp. 2003) certain criteria are established for review of a utility's effort to minimize fuel expenses. In evaluating a utility's fuel costs under this section, it is necessary to examine and determine whether the utility has made every reasonable effort to minimize fuel costs associated with the operation of its nuclear generation system while "giving due regard to reliability of service, economical generation mix, generating experience of comparable facilities and minimization of the total cost of providing service."

The Staff's Nuclear Unit Outage Report considers each outage experienced, giving the inclusive dates of the outage, hours down, type of outage (Scheduled or Forced), the reason for the outage, and the corrective action taken. This information covers the period being considered in this proceeding and is shown in Exhibit No. 2A. Staff compiled this data through review of Company documents, NRC documents, and interviews with Company personnel. The Company's V C Summer Nuclear Unit operated well during this review period which included a scheduled refueling outage, achieving an overall average capacity factor in excess of 87 percent.

The Staff's Base Load Fossil Unit Outage Report is a listing of plants by unit, duration of outage (greater than 100 hours), reason for down time, and corrective action taken to return the plant to service. The information specifically reviewed for this proceeding is for the months of March 2003 through February 2004 and is included in Exhibit No. 2B.

Staff reviewed and compiled a percentage Generation Mix statistic sheet for the Company's fossil, nuclear and hydraulic plants for March 2003 through February 2004. The fossil generation ranged from a high of 92% to a low 62%. The nuclear generation ranged from a high of 30% to a low of 3%. The percentage of generation by hydro ranged from a high of 9% to a low of 3%. This information is included in Exhibit No. 3. The Staff also collected and reviewed certain Generation Statistics of Major Plants for the 12 months ending February 29, 2004. This data is presented on Exhibit No. 4. This Exhibit shows the Company's major plants by name, type of fuel used, fuel cost in cents per kilowatt-hour to operate and total megawatt-hours generated for the period. The nuclear fueled Summer Plant was lowest in cost at 0.53 cents per kilowatt-hour. The highest amount of generation of 4,920,946 megawatt-hours, representing the Company's one-third ownership, was also produced at the VC Summer Station.

Utilities Department Exhibit No. 5 shows a comparison of the Company's original retail megawatt-hour (MWH) estimated sales to the actual sales for the period from March 2003 through February 2004. The original projections ranged from an over-estimate of 9.32% in June 2003 to an under-estimate of 9.84% in February 2003 with a total over-estimate of 1.29% for the period.

Utilities Department Exhibit No. 6 shows a comparison of the Company's original fuel cost projections to the costs actually experienced for the months of March 2003 through February 2004. The original projections ranged from an under-estimate of

15.94% for December 2003 to an over-estimate of 24.86% for March 2003. The difference between actual and original projection of these fuel costs is further delineated graphically on Utilities Department Exhibit No. 7.

REVIEW OF THE COMPANY'S CURRENTLY APPROVED RETAIL ADJUSTMENT FOR FUEL COSTS

Staff has reviewed the Company's currently approved retail Adjustment for Fuel Costs tariff and found it to continue to operate effectively. Exhibit No. 8 is a copy of the Company's currently approved Adjustment for Fuel Costs tariff.

HISTORY OF THE CUMULATIVE RECOVERY ACCOUNT

Exhibit No. 9 is a history of the cumulative recovery account balances from inception in 1979 to February 2004.

CALCULATION OF BASE RATE FUEL COST COMPONENT FOR MAY 2004 THROUGH APRIL 2005.

Utilizing the currently projected sales and fuel cost figures for the period May 2004 through April 2005 and including the projected under-recovery balance of \$17,429,464 in the cumulative recovery account through April 2004 (See Audit Exhibit G), the average fuel expense is estimated to be 1.954 cents per kilowatt-hour. Applying this fuel factor to the period would create an ending period estimated \$30,796 over-collection in the cumulative recovery account. This Exhibit does not include the adjustment of \$25,618,063 associated with the impact of the proposed Stipulation Agreement between the Company and the Consumer Advocate. These results are presented on Exhibit No. 10.

The Commission has consistently expressed its expectation that the Company exercise all reasonable prudence and efficiency in its fuel purchasing practices and aggressively control the operation and maintenance of its production facilities to assure the lowest fuel costs possible. Also, the Commission has directed the Staff to monitor the Company's plant operations and fuel purchasing to insure that any inefficient or negligent practice is brought to the Commission's attention.

**SOUTH CAROLINA ELECTRIC & GAS COMPANY
POWER PLANT PERFORMANCE DATA REPORT
CAPACITY FACTORS (PERCENTAGE)**

PLANTS NAME	UNIT	MW RATING	YEAR 2001	YEAR 2002	YEAR 2003	MAR 2003	APR 2003	MAY 2003	JUN 2003	JUL 2003	AUG 2003	SEP 2003	OCT 2003	NOV 2003	DEC 2003	JAN 2004	FEB 2004
CANADYS	1	105	75.0	66.4	80.7	83.5	63.9	74.4	75.2	87.3	78.0	82.6	92.9	88.7	65.7	78.1	81.0
CANADYS	2	116	65.3	75.5	79.7	93.5	92.0	72.3	74.2	84.1	88.2	77.8	41.0	86.0	94.5	86.9	75.4
CANADYS	3	175	60.2	48.4	51.1	0.0	25.7	66.4	74.0	73.9	92.3	61.1	73.2	89.2	53.3	77.9	91.6
McMEEKIN	1	125	65.6	57.4	68.9	85.5	72.6	88.0	87.7	83.0	73.6	88.1	60.5	0.0	31.1	92.1	92.7
McMEEKIN	2	125	78.5	57.4	69.1	86.6	57.3	87.4	88.3	87.0	81.3	84.6	59.3	0.0	79.9	92.2	92.2
URQUHART	3	94	72.6	65.4	74.7	87.3	59.4	84.1	68.2	65.4	82.1	77.8	85.1	88.1	14.3	54.0	77.3
WATEREE	1	350	63.9	68.1	69.7	20.9	0.0	25.6	85.8	91.4	90.0	94.4	95.7	96.6	61.5	87.9	86.3
WATEREE	2	350	73.5	71.6	69.8	93.2	85.8	83.7	86.6	83.0	83.5	79.9	0.0	14.3	63.4	82.9	77.7
WILLIAMS		615	74.5	82.2	67.7	0.0	0.0	45.5	70.0	82.8	90.9	74.3	96.0	96.0	90.0	91.7	59.3
COPE		410	69.7	90.3	78.5	94.0	97.6	58.8	82.4	88.8	70.1	66.9	52.7	97.6	95.2	92.3	87.5
FOSSILTOTALS		2465	69.1	73.5	70.4	51.9	46.2	60.1	79.2	84.2	84.0	77.7	66.7	73.4	73.2	86.8	78.5
V.C. SUMMER*		966	79.3	86.6	86.9	101.6	101.6	89.9	101.0	100.8	100.6	100.8	31.0	10.4	101.8	102.0	102.0
(SCEG)		644															
(SCPSA)		322															

*THE LIFETIME CAPACITY FACTOR FOR V.C.SUMMER THROUGH FEBRUARY 2004 IS 78.3%

DOCKET NO. 2004-2-E
UTILITIES DEPARTMENT
EXHIBIT NO. 1
PAGE 1 OF 2

**SOUTH CAROLINA ELECTRIC & GAS COMPANY
POWER PLANT PERFORMANCE DATA REPORT
AVAILABILITY FACTORS (PERCENTAGE)**

PLANTS NAME	UNIT	MW RATING	MAR 2003	APR 2003	MAY 2003	JUN 2003	JUL 2003	AUG 2003	SEP 2003	OCT 2003	NOV 2003	DEC 2003	JAN 2004	FEB 2004
CANADYS	1	105	95.8	74.4	100.0	93.0	100.0	95.9	100.0	100.0	100.0	74.1	92.5	95.3
CANADYS	2	116	100.0	96.5	95.5	88.4	95.0	100.0	89.8	45.9	94.7	100.0	99.1	94.2
CANADYS	3	175	0.0	27.4	86.7	90.3	80.9	100.0	73.7	77.9	96.0	86.2	100.0	100.0
McMEEKIN	1	125	100.0	82.2	100.0	100.0	98.9	85.3	100.0	67.6	0.0	37.5	100.0	100.0
McMEEKIN	2	125	100.0	65.6	100.0	100.0	100.0	93.9	100.0	77.2	0.0	89.0	100.0	100.0
URQUHART	3	94	100.0	72.4	100.0	91.2	84.9	100.0	100.0	100.0	100.0	42.3	90.3	93.5
WATEREE	1	350	24.8	0.0	36.5	100.0	100.0	96.1	100.0	98.9	100.0	69.3	96.8	97.8
WATEREE	2	350	100.0	93.6	93.6	100.0	94.8	91.2	90.3	0.0	26.8	100.0	100.0	88.8
WILLIAMS		615	0.0	0.0	62.7	82.2	96.9	100.0	91.2	100.0	100.0	100.0	100.0	69.0
COPE		410	100.0	100.0	69.5	98.3	100.0	91.8	86.4	54.4	100.0	98.8	100.0	92.0
FOSSILTOTALS		2465	72.1	61.2	84.5	94.3	95.1	95.4	93.1	72.2	71.8	79.7	97.9	93.1
V.C. SUMMER* (SCEG)		966	100.0	100.0	90.0	100.0	100.0	100.0	100.0	32.3	14.5	100.0	100.0	100.0
(SCPSA)		644												
(SCPSA)		322												

DOCKET NO. 2004-2-E
UTILITIES DEPARTMENT
EXHIBIT NO. 1
PAGE 2 OF 2

**SOUTH CAROLINA ELECTRIC & GAS COMPANY
V. C. SUMMER NUCLEAR UNIT OUTAGE REPORT
March 1, 2003 – February 29, 2004**

<u>NO.</u>	<u>DATE OFF</u>	<u>DATE ON</u>	<u>HOURS/TYPE*</u>	<u>REASON FOR OUTAGE AND CORRECTIVE ACTION</u>
1.	05/12/03	05/15/03	74.5/F	Replaced faulty contacts in the generator field breaker and installed backup contacts.
2.	10/11/03	11/26/03	1106.6/S	Refueling outage and scheduled maintenance including emerging work activities that extended the projected outage time.

TYPE* F- Forced S- Scheduled

DOCKET NO. 2004-2-E UTILITIES DEPARTMENT EXHIBIT NO. 2A

**SOUTH CAROLINA ELECTRIC & COMPANY
BASE LOAD FOSSIL UNIT OUTAGE REPORT
(100 HRS OR GREATER DURATION)
March 1, 2003 – February 29, 2004**

<u>MONTH</u>	<u>UNIT</u>	<u>HRS/TYPE*</u>	<u>REASON FOR OUTAGE AND CORRECTIVE ACTION</u>
MAR 03	Canadys 3	744.00/S	Unit continued off line for boiler repair, turbine inspection and major overhaul. Scheduled Spring maintenance including installation of Selective Catalytic Reactors (SCR) required to reduce NOx emissions, new air heaters and economizer ash systems as well as boiler tube replacement. Outage continued to modify economizer, replace induced draft fans before installing SCRs, and other tube maintenance.
	Wateree 1	559.28/S	
	Williams	744.00/S	
APR 03	Canadys 1	177.52/S	Unit off line for repairs to an electrostatic precipitator. Outage continued from March. Correct turbine vibration. Scheduled Spring maintenance. Scheduled Spring maintenance. Scheduled Spring maintenance. Scheduled Spring maintenance continued. Outage continued from March.
	Canadys 3	246.23/S	
	Urquhart 3	275.81/S	
	McMeekin 1	198.80/S	
	McMeekin 2	127.93/S	
	Wateree 1	208.18/S	
	Williams	719.00/S	
MAY 03	Wateree 1	465.02/S	Continued Spring maintenance outage. Outage continued from prior month.
	Williams	152.52/S	
JUN 03	Canadys 2	72.30/S	Removed from service to repair boiler leak. Outage to repair turbine governor valves.
	Williams	128.27/F	
JUL 03	Canadys 2	37.33/S	Continued outage to repair boiler leak. Unit forced off line due to blown gasket on the turbine right hand main steam stop valve.
	Canadys 3	134.13/F	
AUG 03	McMeekin 1	109.25/S	Unit taken off line for condenser cleaning.
SEP 03	Canadys 2	73.58/S	Unit taken off line due to install new generator excitation system. Unit forced off line to repair damaged cables and wires. Unit off line to tie in the new Selective Catalytic Reactors. Outage to make repairs to boiler tube.
	Canadys 3	159.57/F	
	Wateree 2	69.70/S	
	Cope	98.27/S	

DOCKET NO. 2004-2-E
UTILITIES DEPARTMENT
EXHIBIT NO. 2B
PAGE 1 OF 2

**SOUTH CAROLINA ELECTRIC & COMPANY
 BASE LOAD FOSSIL UNIT OUTAGE REPORT
 (100 HRS OR GREATER DURATION)
 March 1, 2003 – February 29, 2004**

<u>MONTH</u>	<u>UNIT</u>	<u>HRS/TYPE*</u>	<u>REASON FOR OUTAGE AND CORRECTIVE ACTION</u>
OCT 03	Canadys 2	393.43/F	Outage continued from prior month.
	Canadys 3	156.18/S	Unit off line to make repairs to burner.
	McMeekin 1	241.43/S	Unit removed from service to inspect the low pressure turbine and make circulating water tie-ins for the new Saluda Dam.
	McMeekin 2	170.05/S	Outage to make circulating water tie-ins for new dam.
	Wateree 2	745.00/S	Continued outage from prior month.
	Cope	316.40/S	Continued outage from prior month.
NOV 03	McMeekin 1	720.00/S	Prior outage continued.
	McMeekin 2	720.00/S	Prior outage continued.
	Wateree 2	503.00/S	Scheduled Fall outage.
DEC 03	Canadys 1	192.80/S	Unit taken off line to chemically clean the boiler.
	Urquhart 3	173.97/S	Scheduled routine maintenance.
		239.78/F	Turbine and bearing vibrations, and high metal temperature at No. 3 bearing.
	McMeekin 1	465.33/S	Prior outage continued.
	McMeekin 2	81.92/S	Prior outage continued.
	Wateree 1	204.83/S	Scheduled outage.
JAN 04	NONE		
FEB 04	Williams	216.03/S	Scheduled Spring outage.

TYPE* F- Forced S-Scheduled

SOUTH CAROLINA ELECTRIC & GAS COMPANY

GENERATION MIX

MARCH 1, 2003 - FEBRUARY 29, 2004

<u>MONTH</u>	<u>PERCENTAGE</u>		
	<u>FOSSIL</u>	<u>NUCLEAR</u>	<u>HYDRO</u>
Mar-03	62	29	9
Apr-03	62	30	8
May-03	70	24	6
Jun-03	72	22	6
Jul-03	73	21	6
Aug-03	73	21	6
Sep-03	72	23	5
Oct-03	85	10	5
Nov-03	92	3	5
Dec-03	71	25	4
Jan-04	75	22	3
Feb-04	73	22	5

SOUTH CAROLINA ELECTRIC & GAS COMPANY

GENERATION STATISTICS OF MAJOR PLANTS

MARCH 1, 2003 - FEBRUARY 29, 2004

PLANT	TYPE FUEL	AVERAGE FUEL COST (CENTS/KWH*)	GENERATION (MWH)
Summer	Nuclear	0.53	4,920,946
McMeekin	Coal	1.68	1,613,089
Wateree	Coal	1.72	3,591,711
Cope	Coal	1.68	4,274,956
Williams	Coal	1.81	584,765
Urquhart	Coal	1.76	2,552,942
Canadys	Coal	1.57	2,950,041

(*) The average fuel costs for coal-fired plants include oil and/or gas cost for start-up and flame stabilization.

SOUTH CAROLINA ELECTRIC & GAS COMPANY
SOUTH CAROLINA RETAIL COMPARISON OF ESTIMATED TO ACTUAL ENERGY SALES

	2003	2004											
	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>TOTAL</u>
[1] ESTIMATED SALES [MWH]	1,636,000	1,636,000	1,751,000	2,013,000	2,249,000	2,248,000	2,152,000	1,768,000	1,636,000	1,753,000	1,908,000	1,789,000	22,539,000
[2] ACTUAL SALES [MWH]	1,672,348	1,577,065	1,757,711	1,841,344	2,165,308	2,173,309	1,987,895	1,731,422	1,570,800	1,824,278	1,965,434	1,984,263	22,251,177
[3] AMOUNT DIFFERENCE [1]-[2]	-36,348	58,935	-6,711	171,656	83,692	74,691	164,105	36,578	65,200	-71,278	-57,434	-195,263	287,823
[4] PERCENT DIFFERENCE [3]/[2]	-2.17%	3.74%	-0.38%	9.32%	3.87%	3.44%	8.26%	2.11%	4.15%	-3.91%	-2.92%	-9.84%	1.29%

DOCKET NO. 2004-2-E
UTILITIES DEPARTMENT
EXHIBIT NO. 5

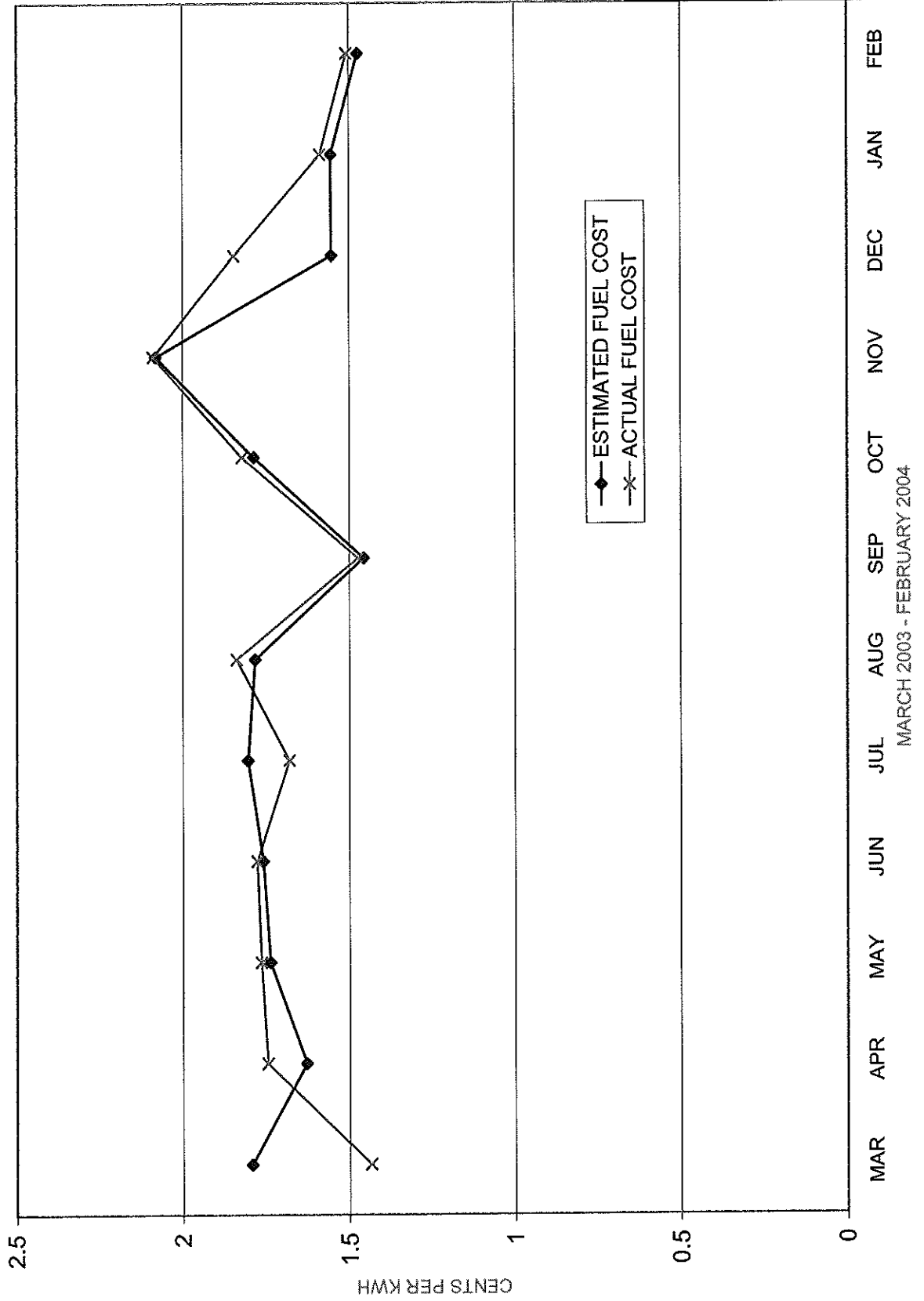
SOUTH CAROLINA ELECTRIC & GAS COMPANY
SOUTH CAROLINA RETAIL COMPARISON OF ESTIMATED TO ACTUAL FUEL COST

	2003	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	2004	<u>JAN</u>	<u>FEB</u>
[1] ORIGINAL PROJECTION	1.7912	1.6273	1.7361	1.7578	1.8029	1.7813	1.4570	1.7852	1.8199	2.0820	1.5508	1.5528	1.4736	
[2] ACTUAL EXPERIENCE	1.4346	1.7441	1.7632	1.7762	1.6785	1.8366	1.4732	1.8199	2.0899	1.8448	1.5862	1.5064		
[3] AMOUNT IN BASE	1.6780	1.6780	1.6780	1.6780	1.6780	1.6780	1.6780	1.6780	1.6780	1.6780	1.6780	1.6780	1.6780	
[4] VARIANCE	24.86%	-6.70%	-1.54%	-1.04%	7.41%	-3.01%	-1.10%	-1.91%	-0.38%	-15.94%	-2.11%	-2.18%		
FROM ACTUAL														
[1-2]/[2]														

DOCKET NO. 2004-2-E
UTILITIES DEPARTMENT
EXHIBIT NO. 6

SOUTH CAROLINA ELECTRIC & GAS COMPANY ESTIMATED TO ACTUAL FUEL COST

DOCKET NO. 2004-2-E
UTILITIES DEPARTMENT
EXHIBIT NO. 7



SOUTH CAROLINA ELECTRIC & GAS COMPANY

ELECTRICITY

SOUTH CAROLINA ELECTRIC & GAS COMPANY

ADJUSTMENT FOR FUEL COSTS

APPLICABILITY

This adjustment is applicable to and is part of the Utility's South Carolina retail electric rate schedules.

The Public Service Commission has determined that the costs of fuel in an amount to the nearest one-thousandth of a cent, as determined by the following formula, will be included in the base rates to the extent determined reasonable and proper by the Commission.

$$F = \frac{E}{S} + \frac{G}{S1}$$

Where:

F = Fuel cost per kilowatt-hour included in base rate, rounded to the nearest one-thousandth of a cent.

E = Total projected system fuel costs:

- (A) Fuel consumed in the Utility's own plants and the Utility's share of fuel consumed in jointly owned or leased plants. The cost of fossil fuel shall include no items other than those listed in Account 151 of the Commission's Uniform System of Accounts for Public Utilities and Licensees plus SO2 emission allowances. The Cost of nuclear fuel shall be that as shown in Account 518 excluding rental payments on leased nuclear fuel and except that, if Account 518 also contains any expense for fossil fuel which has already been included in the cost of fossil fuel, it shall be deducted from this account.

PLUS

- (B) Purchased power fuel costs and applicable SO2 emission allowances such as those incurred in unit power and Limited Term power purchases where the fossil fuel costs and applicable SO2 emission allowances associated with energy purchased are identifiable and are identified in the billing statement.

PLUS

- (C) Interchange power fuel costs and applicable SO2 emission allowances such as Short Term, Economy and other where the energy is purchased on an economic dispatch basis. Energy receipts that do not involve money payments such as diversity energy and payback of storage energy are not defined as purchased or interchange power relative to this fuel calculation.

MINUS

- (D) The cost of fossil fuel and applicable SO2 emission allowances recovered through intersystem sales including the fuel costs and applicable SO2 emission allowances related to economy energy sales and other energy sold on an economic dispatch basis.

Energy deliveries that do not involve billing transactions such as diversity energy and payback of storage energy are not defined as sales relative to this fuel calculation.

S = Projected system kilowatt-hour sales excluding any intersystem sales.

G = Cumulative difference between jurisdictional fuel revenues billed and fuel expenses at the end of the month preceding the projected period utilized in E and S.

S1 = Projected jurisdictional kilowatt-hour sales, for the period covered by the fuel costs included in E.

The appropriate revenue related tax factor is to be included in these calculations.

The fuel cost as determined by the Public Service Commission of South Carolina Order No. 2003-38 for the period February 1, 2003 through April 2003 is 1.678 Cents per kilowatt hour.

SOUTH CAROLINA ELECTRIC & GAS COMPANY

HISTORY OF CUMULATIVE RECOVERY ACCOUNT

<u>PERIOD ENDING</u>	<u>OVER (UNDER) \$</u>
January 1979 – Automatic Fuel Adjustment in Effect	
July 1979	4,427,600
April 1980	7,608,796
October 1980	(462,050)
April 1981	2,188,451
October 1981	(10,213,138)
April 1982	5,164,628
October 1982	9,937,268
April 1983	9,767,185
October 1983	(4,527,441)
April 1984	(2,646,395)
October 1984	(3,211,158)
April 1985	(9,545,054)
October 1985	(6,115,435)
April 1986	2,474,301
October 1986	(540,455)
April 1987	(353,393)
October 1987	(3,163,517)
April 1988	9,247,139
October 1988	2,717,342
April 1989	(5,665,737)
October 1989	(8,777,726)
April 1990	(5,288,612)
October 1990	6,536,591
April 1991	7,180,922
October 1991	4,160,275
April 1992	15,835,472
October 1992	15,449,670
April 1993	16,006,551
October 1993	10,069,457
April 1994	2,646,301
October 1994	(265,302)
April 1995	6,622,597
October 1995	4,202,766
February 1997	4,914,169
February 1998	596,797
February 1999	(1,303,094)
February 2000	(124,599)
February 2001	(60,454,498)
February 2002	(16,421,821)
February 2003	(17,429,464)

SOUTH CAROLINA ELECTRIC & GAS COMPANY
PROJECTIONS OF THE CUMULATIVE RECOVERY ACCOUNT
FOR THE TWELVE MONTH PERIOD ENDING
APRIL 2005

	FUEL BASE (Cents/Kwh)	PROJECTED CUMULATIVE OVER/(UNDER) RECOVERY (\$)
CURRENTLY APPROVED	1.678	(58,737,884)
	1.800	(32,760,424)
COMPANY ALTERNATE	1.821	(28,288,894)
	1.900	(11,467,424)
COMPANY ALTERNATE	1.941	(2,737,294)
	1.950	(820,924)
	1.953	(182,134)
	1.954	30,796
	1.955	243,726
	1.970	3,437,676
	1.975	4,502,326
	1.980	5,566,976
	1.985	6,631,626
	1.990	7,696,276
	2.000	9,825,576
	2.050	20,472,076
	2.100	31,118,576
	2.200	52,411,576
	2.250	63,058,076